

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1655-01
Bill No.: HB 456
Subject: Retirement - State; Retirement Systems and Benefits - General; Transportation
Dept.
Type: Original
Date: March 4, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway Funds	(Unknown to \$86,902)	(Unknown to \$110,804)	(Unknown to \$110,804)
Total Estimated Net Effect on Other State Funds	(Unknown to \$86,902)	(Unknown to \$110,804)	(Unknown to \$110,804)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Highway Employees and Patrol Retirement System** assume this proposal deals with a proposed change in the crediting of unused sick leave to employees who retire. The current law provides that upon retirement, unused sick leave is converted to creditable service. One month of service is granted for every 168 hours of unused sick leave; any remaining balance that does not equal 168 hours drops off. Converted sick leave cannot be used to qualify for retirement.

However, the proposal of the new legislation would address the so-called "remaining balance". More specifically, the proposal would provide service of one day for each 8 hours of remaining balance. Our analysis shows that if this proposal is implemented, retiring employees MoDOT and Civilian Patrol will receive an additional 7 days of creditable service - on average - and retiring Uniformed Patrol members will receive an additional 5 days - on average.

The actuary for the State Highway Employees and Patrol Retirement System has stated "if the change due to the proposal resulted in less usage of the remaining balance of sick leave prior to retirement, some offsetting payroll savings may occur."

ASSUMPTION (continued)

Estimated annual cost of this legislation:

MoDOT			\$47,200
Patrol			
	Non - Uniformed	\$6,400	
	Uniformed	<u>\$9,400</u>	<u>\$15,800</u>
Total			\$63,000

Officials from the **Department of Transportation (MoDOT)** assume the proposal deals with a proposed change in the crediting of unused sick leave to employees who retire. The current law provides that upon retirement, unused sick leave is converted to creditable service. One month of service is granted for every 168 hours of unused sick leave; any remaining balance that does not equal 168 hours drops off. Converted sick leave cannot be used to qualify for retirement.

However, the proposal of the new legislation would address the so-called "remaining balance". More specifically, the legislation would provide service of one day for each 8 hours of remaining balance.

An analysis performed by the Department of Transportation shows that if this proposal is implemented, retiring employees of MoDOT and Civilian Patrol will receive an additional 7 days of creditable service, on average, an retiring Uniformed Patrol members will receive an additional 5 days, on average. The Highway and Transportation Employees' and Highway Patrol Retirement System's actuary calculated a contribution rate increase of .02%. Therefore, MoDOT's retirement expenses will increase \$47,804 (estimated FY04 payroll \$239,018,162 x .02%).

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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HIGHWAY FUND

<u>Cost</u> - Increase in Contributions to HRS	(Unknown to \$86,902)	(Unknown to \$110,804)	(Unknown to \$110,804)
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ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Unknown to \$86,902)</u>	<u>(Unknown to \$110,804)</u>	<u>(Unknown to \$110,804)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

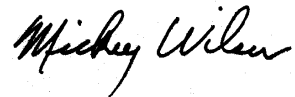
This bill revises a credited service provision pertaining to the Highways and Transportation Employees' and Highway Patrol Retirement System (HTEHPRS).

Members of HTEHPRS will be entitled to one day of credited service for each eight hour period of unused accumulated sick leave earned.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Highway Employees and Patrol Retirement System
Joint Committee on Public Employee Retirement
Department of Transportation
Missouri State Highway Patrol

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 4, 2003